

the while they are admonishing and reminding us of their medium and long-term functions, they are being quoted as an authority on immediate and short-term solutions which is precisely what they deny advancing. The Senate Committee proceedings certainly establish that there is ample room for bona fide disagreement on economic policies. Under that circumstance, deliberate distortions of the position of the Economic Council of Canada appear inexcusable, even in the interest of political expedience.

What really concerns me now is not the criticisms of the state of the Canadian economy or of the government's economic policies, but rather the uncritical acceptance of some of the remedies proposed. The danger is not that Canadians will accept the critics' assessments of the state of the economy, because if that is as far as it goes, actual performance will soon prove them wrong. The danger is in going a step further and accepting their prescription—a controlled economy. A controlled economy is what is really being talked about whether it is called "mandatory price and wage guidelines," "a comprehensive prices and incomes policy with teeth", "selective price controls" or "compulsory and binding arbitration". We find spokesmen of the left who would not for a moment interfere with the right of the worker to get what he can out of the economy by collective bargaining advocating price controls, rent controls, ceilings on interest, limits on capital return and so on. We find spokesmen of the right, who would not for a moment interfere with the right of the entrepreneur to get what he can out of the economy by free operation of the market, advocating compulsory arbitration, labour courts and other state pre-emption of the collective bargaining process.

We find all sorts of people advocating controls of other peoples' prices, never their own. And we see, in the middle, a government which has to ensure that the economic system works, which has to balance the various claims on production, which has to establish and preserve the economic environment in which the fair share of each and every one of those claimants can be maximized by increasing productivity. The real danger to Canada from those preaching exaggerated views of the state of the Canadian economy lies not in their selling those views but in selling the view that exaggerated remedies are desirable, even essential. These suggested remedies will never be desirable. I hope they will never be found to be essential.

Canada operated a controlled economy during the war. We established a Foreign Exchange Control Board whose function it was to control exchange dealings and international capital transactions. Its real job was to advise upon methods and to execute policies to conserve Canada's balance of United States dollars. It found that to make its work effective it had not only to control and manage regular international transactions, but to call upon the government to limit imports ruthlessly, to realize on Canadian assets in the United States and to borrow heavily in the U.S. market. We have heard, in recent weeks, arguments in the House of Commons that because of the current pressure on our dollar as a result of our move into a positive balance of payments position, which

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is the reverse of the wartime problem, it would be highly desirable for Canada to establish an interim foreign exchange control system.

During the war we also set up a Wartime Prices and Trade Board responsible for the whole field of price controls and consumer protection. It started out with selective controls, dealing only with the necessities of life, rents, fuels and a selection of foods. Within two years it covered all goods and services and was enforcing a price ceiling. For a number of items, prices management alone proved inadequate and physical rationing was implemented to assure a fair distribution at the administered prices. By late 1942, there were, in operation under the Wartime Prices and Trade Board, a wool administrator, a coal administrator, a sugar administrator, a hides and leather administrator, an oils administrator, a rent administrator and some 85 other administrators, complete with staffs of varying magnitude, all concentrating their efforts on the price management of particular commodities and services. I would hesitate to estimate the number of suggestions I have heard in recent months that this, that or the other price, be it bank interest, rent, dividends or particular commodity or service prices should be subjected to ceilings—in other words, that we need selective price controls.

The National War Labour Board, during the war years, started by administering wages and bonuses, but very soon found it had to assume centralized control of all labour policy, not just that which came under federal jurisdiction. In addition to controlling the federal conciliation service and enforcing the federal Industrial Disputes Investigation Act, it controlled provincial labour policy through nine provincial boards under the chairmanships of the nine provincial ministers of labour. Again, I cannot estimate the number of times in recent months that demands have been more for wage controls in particular industrial situations. Needless to say, they do not usually come from the people who suggest rent or dividend limitations.

• (5:20 p.m.)

I have left out of this litany the numerous boards and agencies concerned with procurement and production of weapons and so on, and the various agricultural boards whose main purpose was to supply food to Britain. Their function was peculiar to war. The three I have described—the foreign exchange control board, the wartime prices and trade board and the national war labour board—are the three that dealt directly with the areas where advocates of controls today see those controls as necessary—the external value of our dollar, the prices of goods and services, and wages and other labour costs.

In addition we had an excess profits tax, and that, too, is something frequently suggested today by those who see the need for the government to limit business profits. Another proposal is mandatory guidelines that would limit the profit of business to the long-term capital return actually experienced in a particular industry. One might greet these suggestions with more enthusiasm if one felt that limitation of initiative—a resignation to doing no better than in the past; a static business community—would be in the national interest.